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THE HELLENISTIC WORLD AND ITS ECONOMIC
DEVELOPMENT ¹

I N these days of unsettled and chaotic economic conditions, of an acute economic crisis which prevails over all the civilized world, when all sorts of remedies are suggested for healing the wounds, and among them, under the label of the last word in economic science, some age-old and many times tried devices, it is perhaps not inappropriate for a student of ancient economic history to recall to mind the remote past of Greece and Rome where similar crises were not infrequent and where many devices were tried in the hope of solving them.

It is not my intention to attempt to unroll the whole history of the economic evolution of the Ancient world. However attractive such a program might be, the subject is so vast and so complicated that its treatment in a short hour would be without doubt too general and vague to be of any use. Let me choose for my demonstration a short but momentous period in the history of the Ancient world, a period little known, which formed the subject of my special study for many years. I refer to the period after the conquest of the East by Alexander and before the final incorporation of Greece and the Hellenized Eastern world into the Roman Empire. Its traditional name, however inadequate, is "The Hellenistic Period".

It was a time when the world of the Greek city-state definitely and finally came out of its political and cultural isolation and tried to absorb and to Hellenize the Near East; when in the post-Alexandrian monarchies for three centuries two radically different civilizations and mentalities, the Oriental and the Greek, lived together peacefully; when the Greek genius penetrated deeply into the achievements of the Oriental genius and vice versa; and when among other important phenomena two

¹ Presidential Address delivered before the American Historical Association at Chattanooga on December 28, 1935. This address is a summary of the corresponding chapter of my book on the "Social and Economic History of Greece and the Hellenistic Monarchies after Alexander" (in preparation). The reader will find the references to ancient sources and modern productions in the more detailed presentation.

different principles and two different modes of economic life met and dwelt together in friendly competition. In the second half of this period the Latin West, too, was drawn into that Greco-Oriental amalgam. There in the East the future creator of world unity, Rome, first faced the greatest problems of the Ancient world and among them the eternal economic problem.

It is worth while, therefore, to try to reconstruct this page of economic history, so peculiar and so remote, yet at the same time so familiar and so near to us, heirs and children of the Greco-Roman world.

I. Alexander and the Diadochs (successors)

At the end of the Fourth century the Greek world experienced a profound political, spiritual, and economic crisis. In the four centuries of its rapid and brilliant evolution Greece, which was once a group of tribes and clans, was transformed into a net of city-states, which spread all over Greece proper and the Greek islands and studded the most attractive parts of the Mediterranean and Pontic coasts. Each one of these city-states had its own political, religious, artistic, and economic life and did its best to be in all these respects self-sufficient. However, all of them were conscious of their racial and cultural unity and in spite of their lack of close political and cultural coherence they formed a world in themselves. Economic self-sufficiency, like political, was always the ideal of a Greek city-state, an ideal, however, which was never achieved. Greece was too poor for each part of it to be able to satisfy its own needs, and therefore almost all its cities were in bitter need of imported goods—foodstuffs, building materials, metals. Import presupposed export, and every Greek city tried consequently to make the best use of its natural resources and of the creative power of its population in order to balance import and export. A lively exchange of goods between the various parts of Greece was therefore an age-old phenomenon in the life of Greece, and interstate trade developed rapidly.

Greek cities, as I pointed out before, were scattered over large parts of the Mediterranean and Pontic coasts. The hinterlands of these cities in the West, in the North, and in the East—the Anatolians of Asia Minor, the Berbers of Africa, the non-Greek population of South Italy and Sicily, the Iberians of Spain, the Ligurians, Iberians, and Celts of Gaul, the Illyrians and Thracians of the northern part of the Balkan peninsula, the Scythians and pre-Scythians of South Russia, the tribes of the Caucasus—all were eager to exchange their goods for the products of Greek agriculture and industry. To the interstate trade of Greece, there-

fore, an ever-growing trade with foreign countries soon was added.

The new markets enriched Greece, increased its production, made possible a constant growth of its population, and changed the aspect of its economic life. In the field of agriculture production of grain was falling, production of wine and olive oil rapidly growing. In the field of industry the Greek artisans were adapting their crafts to the needs and tastes of their foreign customers and were working not for the city markets only but for the ever-increasing foreign markets also. Growing exports were matched by growing imports, and Greece for its subsistence became ever more dependent on those foreign markets. This phenomenon played a very important part in the evolution of Greece. Export not only stimulated Greek industry and trade, and made the country rich, but also broke its national and cultural isolation and enabled it to start the transformation of its national culture into a world civilization.

At the end of the Fifth century and in the Fourth, the aspect of the economic life of Greece underwent a notable change. Greek export began to decrease, while the import was growing. The clients of Greece, both the Greek cities of the periphery of the Greek world and their neighbors, potentially as rich as they were, developed their own flourishing agriculture and industry and gradually emancipated themselves from Greece proper, the Greek islands, and the Greek cities of Asia Minor. Archaeology shows that in the latter half of the Fifth century B.C. and in the Fourth, the Italian market was almost lost for Greece, and the same phenomenon is noticeable in the Pontic regions.

For Greece it was a tremendous blow. Without a foreign market with ever-growing buying capacity the country was doomed. Its salvation from imminent economic decay came from Alexander.

It is well known how Philip and Alexander by creating a league of Greek city-states saved Greece temporarily from political anarchy. Another gift of Alexander to Greece was its economic renaissance. It was the brilliant, almost miraculous, conquest of Persia by Alexander which, for a while, restored Greek prosperity. That happened in the following way.

It was not Alexander who discovered the Orient and made Greece acquainted with it. Alexander is in no way the Columbus of the Ancient world. Commercial relations between the Orient and Greece had existed for centuries. The creation of the Persian Empire made the exchange of goods between the two worlds regular and brisk. However, the balance of this trade was almost passive for Greece. Greece was in need of Oriental products—especially the products of its caravan

trade—while the Orient, with its splendid industry and its refined agriculture, imported very little Greek goods. Alexander's conquest changed this state of things and transformed the balance of Greek trade with the Orient from passive to active.

The expedition in itself was a blessing for Greece. Many Greeks took part in it: as mercenary soldiers, as members of the technical staff of Alexander, as traders, as artisans, artists, courtesans, and what not. The army of Alexander was not only a war instrument, it was a moving state; and its train was much larger than its fighting body. Both the army and its train were well provided with money. In the treasuries of the Persian kings Alexander found an enormous quantity of gold and silver. These Persian hoards were transformed into coins, which he put into circulation. The pay of the soldiers in his army was relatively high. Lavish gifts, also, were distributed from time to time by Alexander to his "companions", both high and low in rank. With him they earned wealth as well as glory. And the same thing is true of the members of the army's train.

Alexander conquered the East and became the successor of the Persian kings, remaining at the same time the king of the Macedonians and the president of the league of Greek city-states. Time to organize his new state was not granted him, but his leading ideas as to its organization are well known. In his mind his new empire was not to be one with a small ruling class of Macedonians and Greeks and with millions of Oriental subjects. His dream was a Greco-Oriental empire based on a new ruling class, Greco-Oriental in its very essence. However, by the force of circumstances the lion's share in the administration of Alexander's empire fell to the Macedonians and to the Greeks. He and they belonged to the same stock, spoke the same language, had the same religion, shared in the same civilization. They were devoted to him, and he could rely upon them better than upon the Oriental aristocracy. It is no wonder, then, that the administration of his empire proved to be Greco-Macedonian, not Greco-Oriental, in Alexander's lifetime. Thousands of Macedonians and Greeks took part in it and formed the upper stratum of its population.

Still larger was the group of Macedonians and Greeks who populated the so-called colonies of Alexander. However our sources may have exaggerated the number of colonies that he founded, it remains a fact that Greco-Macedonian colonization, colonization both military and political, was carried out by Alexander on a large scale. His colonists were not paupers, and they started their new life in favorable conditions.

Naturally, they took an active part in the economic life of the Orient and many of them soon became prosperous.

Along with the army, the administrative officers, and the colonists, large masses of Greeks poured into the Orient on their own initiative. We have no exact figures but their numbers cannot be overestimated. It was in this way, for instance, that Alexandria as soon as it was founded developed the brisk life to which the rich archaeological finds of this period that have been made there bear witness. A new stratum of population was thus created by Alexander all over the Near East. The newcomers were mostly Greeks, or at least accustomed to Greek life. Like the Europeans and Americans of our days in the Near and Far East they had their own needs, their own ideas of life and comfort. These needs could not be met by the Oriental production of that period. For a time, Greek goods were imported into the East in large quantities. We know this definitely for Alexandria from archaeological finds, and it is true of Syria also. It is, for example, a well-known fact that in Syria in early Hellenistic times the better pottery in ordinary use (not the fine ware) was imported from Athens. It was in this way that Alexander created for Greece and Asia Minor a rich, new market. Its buying capacity increased rapidly, and its demands became even larger.

Moreover, by the creation of his Greco-Oriental Empire, Alexander ensured for Greece established peace and tolerable conditions of trade. Professional pirates—a scourge of Greece in the Fourth century—disappeared for a while. Selfish acts of Greek city-states, exploits of theirs in the field of organized sea-robbery, were stopped. The land routes in Asia Minor and the Near East were improved and made safe for traffic. Excellent currency from the various mints of Alexander became practically *the* currency of the time.

It is not surprising, therefore, that Greece very soon recovered from its economic distress and regained its prosperity. Read the comedies of Menander, a contemporary of Alexander, and you will realize what a quiet and prosperous life the Athenian *bourgeoisie* led in the last years of the Fourth century. Another proof of the restored economy of the Greek world in the time of Alexander is the rapid and constant growth of prices in Greece. The demand for Greek goods of special types was large, the buying capacity of the market was continually increasing, and currency was abundant, while the suddenness of the demand gave Greece no time to increase and to change the character of its production correspondingly.

The political and economic unity of the Greco-Oriental world created

by Alexander survived him. The long struggle between generals after his death was in the main a struggle between supporters and opponents of this unity. For a long time it existed not only *de jure* but also *de facto*, and its practical termination came not so much after the battle of Ipsus (301 B.C.) as after the battle of Korupedion (281 B.C.). During this period the organization of his empire continued to exist, though slowly modified first by Alexander's satraps, and later (after 306 B.C.) by the kings of the constituent parts of the empire.

Alexander's traditions dominated not only in the political but also in the economic life of his empire. His "Grande Armée" was never demobilized, and still lived. Distributed among his generals and constantly increasing in numbers, this army with its train remained what it was in Alexander's lifetime—a rich and lavish buyer of Greek products. The successors of Alexander manifested great energy in carrying forward his colonization of the East. They all built great and brilliant capitals for their new kingdoms. Only one of these—Alexandria in Egypt—was Alexander's creation. The others—Antigonia on the Orontes (later replaced by Antioch on the Orontes and by Seleucia on the Tigris) in Syria, Demetrias in Thessaly, Cassandria in Macedonia, Lysimachia in Thrace—were brand-new foundations of the diadochs. Along with them, all over Syria, Mesopotamia, Iran, and Asia Minor arose scores, perhaps hundreds, of new Greco-Macedonian military and civil colonies. Thousands of Macedonians and Greeks came to these new cities to stay. In Egypt, Macedonians and Greeks, soldiers and civilians were not concentrated in cities of the Greek type but scattered among half-rural settlements, new and old. The Greek population of the Orient grew rapidly and with the population grew the consumption of Greek goods.

Under Alexander's successors, therefore, Greece was as rich as it had been in his own time. In spite of the never ending wars, the Aegean Sea and the highways of the Near East were comparatively safe for trade relations. The currency, though differentiated (each successor coined his own money) was abundant, uniform, and reliable. Greek language and Greek law were taking firm root all over the East and made business and trade more and more easy as time went on. Prices, as before and for the same reasons, were rising steadily.

II. The Balance of Power

The struggle between political unity and separatism, so typical of Greece in general, resulted eventually in a complete victory of separatist tendencies. The place of Alexander's empire was taken by what we call

a "Balance of Power". The empire became divided into its natural constituent parts. The East was united in the hands of the descendants of Seleucus; in Egypt the Ptolemies firmly established their rule; Macedonia under the rule of Antigonus Gonatas and his descendants continued its existence as a strong monarchy and suzerain of Greece. Besides the three leading monarchies, some Greek city-states and leagues led an independent political life, as also did the Bosporean kingdom in the Crimea and the Anatolian monarchies of Pontus, Cappadocia, and Armenia. Under the pressure of the Celtic invasion in Asia Minor arose the small but compact Pergamene state.

All the new independent states pursued more or less identical political aims, not very different from those formerly cherished by some of the older Greek city-states. They all were determined never to give up their political independence, and almost all of them strove to play a leading part in the political life of the Hellenistic balance of power. Their economic policy was similar too—they sought self-sufficiency on the basis of the utmost development of their economic resources, and they strove to secure for their products the largest possible market, which practically amounted to the establishment of economic hegemonies, especially in the Aegean Sea.

Brilliant results were achieved in both directions by the first two Ptolemies, Soter and Philadelphus. The first aim, self-sufficiency and prosperity, was attained in a peculiar way. We must keep in mind that in the Greek world economics was always in the service of politics. This leading idea was inherited from the Greek city-states by all the Hellenistic monarchs; first and foremost, by the Ptolemies. They wanted to make their own country rich by developing its natural resources and using the productive forces of its population, but they did it in order to enrich the state, not the population. Now, according to the age-old Oriental tradition, which was taken over by the Hellenistic monarchs and had a solid philosophical background bestowed upon it by the Greek philosophers of the late Fourth and Third centuries B.C., state and monarch were identical; that is to say, according to the Greek way of thinking, the monarch was the owner of the state. The enrichment of the state was therefore identical with the prosperity of the king, who was not only the owner but also the incarnation of the state.

Being in theory and in practice the owner of the state, the king was free to organize its economic life as he saw fit. His subjects were supposed to support him by their creative efforts. Their personal interests were of little importance, those of the state were paramount. From

this leading principle logically derived the normative planning that characterized the Ptolemaic economic system, the "etatization" of almost all the functions of Egyptian economic life which is so well known to us from thousands of documents. Agriculture organized according to an elaborate plan; "etatized" and sometimes monopolized industry; trade, partly monopolized and partly controlled by the government; fully developed and immensely diversified taxation of a sort familiar to the traditions of the Greek city-state; compulsory labor of the population—such were the main devices of the new economic structure established in Egypt by the first two Ptolemies. It was in the main a new creation of Greek genius, though based on ancient institutions and traditions of Pharaonic Egypt.

The introduction of the new system of planned economy in Egypt was accompanied by feverish activity on the part of the first Ptolemies in developing the natural resources of that rich land and improving the industrial opportunities and methods of its population. New land was reclaimed, the irrigation system was extended and improved, marsh land and sandy desert became fields, vineyards, olive groves, kitchen and fruit gardens. New devices in agriculture were tried out and introduced. New species of plants and animals were acclimatized; the camel, for instance, first appears in Egypt under the Ptolemies. Various new methods in industrial production were imported from Greece. Exact science, of which the great center was the "Museum" of Alexandria, to a certain extent helped the Ptolemies in their endeavors by improving technical devices, especially in hydraulics, land surveying, architecture, shipbuilding, and war crafts. The accumulated experience of the Orient and Greece (especially the latter) in agriculture and probably also in industry was collected and made accessible to everybody in the form of manuals. Zenon's correspondence, one of the greatest documentary finds of our time, shows how Zenon, the right-hand man of Apollonius, who in his turn was the chief assistant of Philadelphus in his economic reforms, occupied himself with applying the new devices in the organization of a large new agricultural concern on recently reclaimed land in the Fayum.

The "New Deal" in Egypt in the hands of the first Ptolemies was successful in the main. Egypt became the richest state of the Hellenistic balance of power, an Eldorado for Greek emigrants. Not only were the state and its rulers rich and prosperous, but the same may be said of the population of Egypt, both Greek and native.

Successful in their endeavors to make Egypt wealthy and self-sufficient, the first Ptolemies were no less successful in augmenting the

resources of their kingdom by acquiring rich foreign dominions (South Syria and Palestine with their caravan trade and lumber, Cyprus with its metals, Southern Asia Minor with its forests) and by establishing a degree of commercial hegemony in the Aegean waters. The Ptolemies, one may say, became in the early Third century successors of Athens. Alexandria was now the great clearinghouse for Aegean commerce, a kind of London in the Ancient world, and its influence was felt not in the Aegean regions alone but far away in the Pontus and in the Western seas, at Carthage, in Sicily, and in Rome. A strong navy gave the Ptolemies standing in the Aegean, and they undertook to make it safe for commerce. Pirates continued to exist but were not very harmful, with the navy of the Islanders' League, as well as that of Egypt there to keep them well in hand. But of course the Ptolemaic hegemony was far from absolute. The Ptolemies had strong rivals in the Seleucids and in Antigonus Gonatas. In the Aegean they were no more than *primi inter pares*. In economics as in politics the early Third century B.C. was a time of balanced power. We know very little, however, of the contemporary economic development of the other Hellenistic states.

The little that can be ascertained about Syria shows that her political difficulties did not affect her economic prosperity. The first Seleucids successfully colonized their Syrian, Mesopotamian, and Iranian satrapies. Their capitals were flourishing. New military and commercial roads were built. Commercial and political expeditions were sent out to explore the great routes which connected Iran with China and India. To what extent the Seleucids followed the example of the Ptolemies in reorganizing the economic life of Syria according to the planning system, not entirely unknown in those regions, we cannot say. Our scant information suggests that Syria may have been a land of far-reaching though not unrestricted economic freedom.

What is true of Syria is certainly true of Macedonia and of the minor independent states mentioned above: prosperity was on the order of the day.

The successful efforts of the Hellenistic kings to intensify production in all fields of economic activity had important consequences. There was no longer any shortage of goods. The markets were well provided with foodstuffs, raw materials, and industrial products. The Hellenized Orient was less and less in need of goods imported from Greece. Alexandria, Antioch, and many minor cities were able now to satisfy the needs of their own Greek population and that of the countries in which they were situated, and both Syria and Egypt grew less and less in need of Greek wine, olive oil, and industrial products. The result was a

steady fall of prices in the Aegean Sea and a certain uneasiness which was felt all over Greece. While the Greek Orient was getting more and more wealthy, Greek prosperity was either static or slowly declining.

Political not economic reasons, however, were responsible for ending the Ptolemaic commercial hegemony in the Aegean. Syria and Macedonia challenged it, and though in Syria Egypt retained its foreign dominions, in the Aegean Sea the Ptolemies were forced to share their commercial leadership with Macedonia and Rhodes. At the same time the wars began at last to undermine both the safety of trade in the Aegean and the prosperity of the belligerents. The greatest sufferer was the mainland of Greece. It lost a good deal of its buying capacity by the ravages of the war, its exports gradually fell and its imports rose, and the insecurity of the sea was making regular commercial relations difficult. The result was a rise in prices all over Greece.

The situation became still worse when at the end of the Third century two ambitious young monarchs, Antiochus III in Syria and Philip V in Macedonia, undermined the balance of power by their endeavors to put an end not only to the hegemony of Egypt but also to its independence. The successes of Antiochus III, especially in the East, together with the restless activity of Philip in the Aegean and the Adriatic and his alliance with Hannibal, the great enemy of Rome, induced Rome, which had just emerged victorious from the Second Punic War, to interfere in the political life of the Hellenistic East. The main endeavor of Rome was directed toward preventing the formation of any kind of political hegemony in the East. Political disintegration of the East and isolation of its constituent parts was the leading aim of Roman policy in the East from the very start. The facts are well known. After Cynoscephalae, Macedonia was cut off from Greece and the Aegean Sea. After Magnesia, Syria was isolated; between Syria and Greece now stood the strong Pergamene kingdom, a faithful ally of Rome. Egypt, which in its struggle with Antiochus III had lost its Syrian dependencies and in that with Philip its Anatolian dominions, was not restored in its rights by Rome. A strong Egypt was as little to Rome's taste as a strong Syria or Macedonia. Egypt's role in the Aegean was inherited by another faithful ally of Rome—Rhodes.

The political anarchy of the late Third century and the intervention of Rome had grave economic consequences. The economic decay of Greece progressed rapidly. The country was devastated and ruined by the bloody and cruel wars of the late Third century and economically exhausted by the confiscations, requisitions, and plunderings of Rome

during the Macedonian and Syrian wars. The isolation of the East by Rome's efforts almost completely stopped Greek emigration to the East; and yet the population of Greece was constantly growing. The export trade of Greece was catastrophically going down, in part through the progressing economic emancipation of the East and in part through sinking production caused by the devastations of wars. For imported foodstuffs Greece had no money to pay. Her *bourgeoisie* was ruined, her trade balance was passive. To meet the catastrophe Greece resorted to race suicide among other things, to exposure of children. Polybius describes this plight of his home country in vivid colors.

Almost as bad as the situation of Greece was that of Egypt. Most of her dominions had been lost and with them the regular supply of cheap raw materials. The caravan trade which had been a rich source of income for Egypt and a stimulant for her industry was considerably reduced in volume. Syria was now mistress of the great Arabian caravan routes leading to the cities of Palestine and Phoenicia. The income from Egypt herself was no longer as large and as regular as before. The planning system proved unsuccessful. It degenerated into an open exploitation of the people by a host of greedy crown officers and tax-farmers. The people opposed it with passive resistance. Strikes, not uncommon from the very beginning of the "New Deal", became more and more common. The fellahin fled to the temples and hid in the swamps of the Delta. Recently reclaimed land lay waste, because labor was scarce and inefficient. Revolts of natives became a feature of the times. The government tried all sorts of devices to break the resistance of the population: compulsion and repressive measures, appeals to patriotism, amnesties, repeated promises to stop administrative abuses—all in vain. The production of Egypt was slowly but irretrievably going down. Acute shortage of gold and silver in the treasury was one of the results of this situation. In bitter need of means to pay the army and to buy imported goods the Ptolemies made the first steps toward inflation. Deterioration of silver coins came early, and was followed by the introduction of the copper drachm instead of the silver one as the standard coin.

The economic situation of Syria was much better. The income from the increased volume of her caravan trade compensated her for the loss of Asia Minor. It was this income which permitted Antiochus III and Seleucus IV to pay the heavy contribution to Rome, and it was in all probability the same source of revenue which made it possible for Syria to crush the revolt in Palestine and to conquer Egypt temporarily.

While Greece and Egypt were on the verge of ruin, Asia Minor under the rule of the Pergamene kings flourished as never before. The rule of Attalus I and Eumenes II in Pergamon reminds us of the most splendid period in the life of Egypt. Pergamon under their rule rivaled Alexandria and became one of the most brilliant and civilized cities of the Hellenistic world. The kings of Pergamon developed with great energy and skill the natural resources of their rich country. Agriculture was flourishing. Pergamene industries entered into competition with those of older industrial centers and their products appeared on the world market: the famous *vestes Attalicae*, parchment, new brands of pottery, silver and bronze plate. The economic system of the Attalids was not very much different from the planning system of the Ptolemies. It was a kind of economic "Führertum". The best land was in the hands of the kings, the largest and best equipped industrial concerns were owned and managed by them. Royal economy led, private economy lagged behind. Slave and serf labor were powerful means in the hands of those great business men, the Pergamene kings.

Prosperity came also to the proud and vigorous city of Rhodes, the successor of Alexandria in the Aegean Sea. The Rhodians were always great sailors and skillful business men. After the downfall of Egypt and Macedonia, Rhodes, under the protection of Rome, became the greatest center of commerce and banking in the Aegean. Its excellent navy contributed to the restoration of safety in the Aegean Sea. Relentless war on the pirates was the Rhodian policy. Another task assumed by Rhodians was curbing the selfish and anarchical endeavors of some Greek cities to exploit trade for their own profit by lawless measures. Rhodian ships were ubiquitous. Rhodian commercial relations reached Seleucia on the Tigris and Susa on the Eulæus in the southeast, Spain, Africa, and Gaul in the west, the Greek cities of the Crimea in the northeast, the slopes of the Carpathian mountains in the north. Rhodian coins successfully competed with other currencies. Rhodian regulation of sea commerce, known under the name of the Rhodian law, was observed by all the merchants in the eastern part of the Mediterranean.

In spite of the ruin which overtook some parts of the Hellenistic world, its economic situation in general was far from catastrophic. The losses of Egypt and Greece were gains for Syria, Pergamon, Rhodes. The center of gravity of economic life shifted a little, but production was still large and exchange lively. This situation is reflected in coinage and prices. Except for Egypt, no one of the minting states resorted to inflation and prices were not less stable than in the preceding period.

III. Roman Domination

The prosperity that came to some parts of the Hellenistic world after the Roman intervention was not lasting. Rome did not want it and very soon put an end to it. Rome's motives were of course purely political, not economic. Economic recovery of the Hellenistic world foretold a political renaissance, and this meant "revanche". Rome was determined to prevent that, and struck hard. Her first victims were her enemies of the past—Macedonia and Syria. Macedonia after the Third Macedonian War ceased to exist as an independent and united state, Antiochus IV was forbidden by diplomatic intervention to unite the whole of the Near East under his rule by annexing Egypt. Next came Rome's faithful allies, Pergamon and Rhodes. They became too strong and showed too much interest in the future of the Greek world. Both were accused of treason. An end was put to the splendid development of the Pergamene kingdom. Rhodes was punished by economic sanctions. Delos was made a free port, and Rhodes lost her main income from the transit trade. Rhodes was no longer able to keep up a strong navy and thus to police the sea and keep the pirates quiet. Finally, as soon as Corinth and the rest of Greece began to recover, in the atmosphere of peace which followed the battle of Pydna, Corinth was ruthlessly destroyed and Greece ruined once more and humiliated.

After these momentous acts of Rome a new era began in the political life of the Hellenistic world. The strong monarchies of the past began rapidly to disintegrate, this disintegration led to political anarchy, and the result was first vassalage to Rome and later annexation by her. In the economic field we notice a rapid impoverishment of almost all the Hellenistic states, their growing economic isolation and the reorientalization of the Hellenistic East not only in the field of civilization but also in that of economics. The process of impoverishment was accelerated in Greece and Asia Minor by Mithridates the Great through his attempt to liberate the Near East from Rome's domination, which led to protracted and ruinous wars. Meanwhile Syria was suffering severely under the pressure of the Parthians, of the separatist tendencies of her satrapies, and of dynastic wars, unending and aimless, while similar dynastic troubles, further degeneration of Ptolemaic etatism, and the growth of national consciousness among the natives prevented the recovery of Egypt. In Egypt the economic debacle found its expression, among other things, in a fever of inflation, which reached an acute stage first at the time of the expedition of Antiochus IV against Egypt (about 170 B.C.) and thereafter repeatedly. The relation between silver and

copper, stabilized for a while at the rate of sixty copper drachms for one silver drachm, suddenly and spasmodically changed—400, 500, and even 625 copper drachms were now paid for one silver drachm. This state of things never changed in Egypt until its annexation by Rome, and its permanency, a kind of stabilized crisis, presents one of the most difficult problems in the economic history of Egypt.

However, it was not the impoverishment and isolation of the East which was the leading phenomenon in the economic history of the Second and First centuries B.C. Much more important was the gradual absorption of the East, political and economic, by the growing Roman Empire. Once more the economic center of gravity changed its place. From Greece and the Near East the leading role in economic life passed to Italy and Rome. This interesting phenomenon deserves close and intensive study.

The gradual emancipation of Italy from Greece in its economic life in the Fifth and Fourth centuries B.C. has already been mentioned. In this period Italy developed its own flourishing agriculture and grazing, its own viticulture and gardening, its own splendid half-Greek industry, especially in South Italy and Campania, in Etruria, and in some parts of Samnium, Apulia, and Lucania. From passive the trade balance of Italy became active. I cannot dwell at length on this phenomenon, little studied and little known as it is.

This evolution was arrested for a while by the troubled period in the history of Italy during the late Fourth and the Third century B.C., a period of continued wars, when Rome created her Pan-Italian federation and later, in the protracted struggle against Carthage, laid the foundations of her empire. The culminating point was the Second Punic War, when both Italy and Carthage were utterly devastated and laid in ruins.

After the Punic wars, the annexation of Sicily, of parts of Spain, Africa, and Gaul, and the splendid victories of Rome in the Orient, conditions changed. Italy gradually and slowly began to concentrate in her hands the accumulated wealth of both East and West and became the richest country of the Ancient world. War booty, contributions, pillage, and requisitions enriched not only the Roman state but many individuals, both Romans and allies. That period of chaotic accumulation was followed by one in which Rome and her allies exploited their new vassals and dominions. The facts are generally known and need not detain us.

Thus Italy after a period of bitter poverty and ruin became rich and

prosperous again. There were large accumulations of capital in the hands of the Roman aristocracy and the most thrifty of Rome's allies, especially the residents of Campania and Apulia, conspicuous centers of agriculture, grazing, industry, and commerce during the pre-Roman period. Accumulated capital was invested to a large extent in Italy itself: in land, industry, and commerce. The lead was taken by the South Italians and the Sicilians. Not satisfied with this activity in Italy, groups of South Italians extended their business interests to the East and later to the West. All over the East and the West, especially in important business centers, groups of Italian business men appeared who took an active part in the commercial life, especially in the East, and invested their capital in agriculture, industry, moneylending, banking, and trade. In Sicily and in the East these groups of Italians, financed in part by the rich men of Rome, and many of the Romans themselves—generals, diplomats, officers, soldiers, and later tax-farmers and their staffs—came into intimate contact with the refined life of the Greeks and especially with the highly complicated Hellenistic business world. On their return they acquainted their relatives, their friends, their business associates and neighbors with the novelties that they brought home, and gradually remodeled the life of Italy on new Hellenistic patterns. The lead was taken by Campania, but the new fashion spread like fire all over Italy. The second Hellenization of Italy, so important for the later development of ancient civilization, was in the main the result of this phenomenon.

In the field of economics the new era found its expression in a thorough reconstruction of business life on Hellenistic lines. So it was in the field of the most important Italian industry, agriculture. The old-fashioned rural economy practiced by Italian landlords and peasants gave way to a new type—the systematic and capitalistic agriculture characteristic of model farms and estates in the Hellenistic world. Evidence of this is afforded by the favor with which Roman landowners received the new handbooks on agriculture or rather on rural economy in general. To be sure, the oldest of them, the manual of Cato, may be regarded in the main as a tabulation of Italian devices in progressive agriculture. However, its purely capitalistic orientation and its didactic tone savor of Greek and Carthaginian treatises of the Third and Second centuries, and the very idea of publishing such a book was certainly inspired by the Hellenistic works then in circulation and by the new orientation of agriculture. In fact, it is not improbable that Cato was acquainted with Hellenistic treatises of agriculture and to some extent

borrowed from them. The next treatise which we possess, that of Varro, does not conceal its indebtedness to similar Hellenistic books. These manuals of course were never mere translations of Greek originals. They borrowed from them, they were modeled in tone and composition on them, but they were Italic in their contents, following Greek precedent without slavish imitation.

This is also true in the field of industry. We can trace it best in the pottery. The new Hellenistic fashion of clay "plate" imitating silver plate and replacing painted pottery, with all the alterations in technique and in the organization of mass production attendant upon this change, penetrated very early into Italy. Campania took the lead (Calenian pottery). From here the new fashion moved to the North (the Italic brand of the so-called Megarian bowls), and finally conquered Italy and the foreign markets in the shape of Arretine pottery, an Italian continuation of similar Pergamene pottery.

The new Hellenistic trend was not confined to the economic sphere. It is well known how it changed all the aspects of Italian life, cultural, social, intellectual, religious.

This new orientation of the Italian life in all its aspects affected to a large extent the economic development of the Eastern Hellenistic world. Re-Hellenized Italy had many new needs. New labor, both skilled and unskilled, was required by the economic reorganization of Italy. This new labor poured into Italy in the form of a flood of slaves. The richer classes of Italy, in remodeling their life on more refined lines, created a demand for new foodstuffs and drinks, for new articles of industry and art, and novelties of all kinds. The facts are well known to all readers of the Latin classics.

While Italian agriculture and industry were in process of reorganization and were only partly able to satisfy these new requirements of their own country, it was the East which supplied the goods needed by Italy: slaves, fine brands of wine and olive oil, all sorts of delicacies, the products of the caravan trade, industrial products of various kinds, objects of art, books.

It might have been expected that the new Italian market, with its rapidly increasing requirements and its steadily growing buying capacity, would restore the prosperity of Greece and of the Near East. But this did not happen, for reasons that were political, not economic. Wars in the East continued unceasingly in the late Second and in the First century B.C. After the Mithridatic wars came the Civil War with all its horrors and devastations, its requisitions and contributions. As detrimental as the wars was the conduct of Roman administration,

always selfish and cruel. Finally, in this atmosphere of wars and ruthless exploitation, piracy became a real scourge in the entire Eastern Mediterranean. This accounts for the unsound economic condition of Greece and Asia Minor. Syria as long as it was politically independent lived in an atmosphere of political anarchy which made lasting recovery impossible. Nor was the situation in Egypt better. Trade with Italy could not compensate for the havoc created by dynastic wars, Roman exactions, complete degeneration of etatism, and revolts among the natives.

A splendid illustration of the character of economic life in the Near East during the late Hellenistic period is presented by the evolution of Delos at this time. After Pydna Delos was denationalized and internationalized. The Delians were driven from their own home. In its political relations Delos became nominally an Athenian dependency. As early as the Third century B.C. it had been an important commercial center. After 168 B.C. it became by Rome's grant *porto-franco* and thus the successor of Rhodes.

But how different were Rhodes and Delos! Rhodes was a typical Greek city-state, proud of its past, of its political independence, its democracy, its civic liberty. Delos had no citizens, it was not a city-state. Its population consisted of Athenian officers, priests of its famous temple, a motley crowd of merchants, and another international crowd of retail traders, artisans, employees of the merchants, and menial laborers belonging to the harbor—slaves, freedmen, and men of free birth. Delos had no constitution, no political life. It was a city, but it was not Greek and not a state. Rhodes had its small but well-organized army, and its glorious navy; Delos could not even think of having an army or a navy. The great enemies of Rhodes, the pirates, were Delos' best friends, who supplied the island with slaves.

As a center of international commerce Delos had two aspects. As successor of Rhodes it was a clearinghouse for Aegean commerce, especially for the commerce in foodstuffs, chiefly grain. The great producers of grain—the Bosporan kings, the Alexandrian rulers, the kings of Numidia, etc.—traded through Delos with the main consumers of grain, the half-famished Greek city-states. On the other hand, Delos was the connecting link between Italy and the eastern Hellenistic world. From here the South Italian merchants procured great numbers of slaves, here they bought from Tyrian, Berytian, and Alexandrian merchants the products of the caravan trade and of Eastern and Egyptian manufacture. East and West met here in an atmosphere unaffected by politics or nationalism.

Delos excellently represents Hellenistic economic life in the period

of its Italian orientation. It stands on the limit of two periods. Behind Delos was the glorious past of the Greek city-state and the Hellenistic monarchies; before it lay the dim outlines of the Roman Empire, which eventually and gradually built up anew that unity of the civilized world which Alexander the Great had left incomplete and impermanent.

The end of Delos was the last act in the long life of the Hellenistic world. The mortal blow to Delos was not dealt by Mithridates or the pirates. Delos had been created by Rome, and it was Rome that destroyed Delos after it had played its appointed part. As soon as the reconstruction of Italian economic life made sufficient progress, as soon as the Roman Empire was consolidated and the anarchy of its early years was over, Rome discarded Delos like an old rag, taking away her protection and leaving it to its own destiny. Its place in Italy was taken by Puteoli in Campania and later by Ostia, its place in the Aegean by Rhodes.

IV. New Features in Economic Evolution

Such, in its main features, was the economic evolution of the Ancient world in the Hellenistic period: we have noted the "hausses" and "baisses" of prosperity, the methods used for the enlargement and improvement of production and exchange, the interdependence of politics and economics, the violent crises in economic life. We may now stop and ask ourselves what economic novelties first appeared in the Hellenistic period, and what that period meant as a stage in the evolution of ancient economic life.

Among the new phenomena was, first and foremost, *the economic unity* of the civilized world. Before Alexander's advent, the Orient, Greece, and the West had each its separate economic life, and they were connected with each other by commercial relations of varying intensity. The aspect changed completely in the Hellenistic period. In the early part of it the Greek world absorbed or incorporated in its own economic evolution the Near East, and afterwards the Greco-Oriental world drew into its evolution the Latin and the Latinized West.

The unity of Greece and the Orient was achieved through the gradual dissemination in the Orient of compact groups of Greeks that settled in villages and cities, both old and new, and formed politically, socially, and economically the leading, privileged class of the population. This net of Greek cells covered the whole of the Near East and connected its disparate parts. This resulted in the formation of a new social and

economic class in the Hellenized Orient, a Greco-Oriental *bourgeoisie*, which was and remained a unit in spite of local differences. Relatively few of the natives were Hellenized and absorbed by this new class. In the main the natives formed the laboring class of the population on whose toil was based the prosperity of the Greek and Hellenized land-owners, industrialists, and merchants. Thus the unity of the Greek and Oriental world was brought about by means of extensive Greek colonization, the new settlers being bound to each other by community of language, law, business practices, civilization, mode of life, mentality. The peculiar economic organization of the Orient was gradually transformed on new Greek patterns, based on free development of individual economic activity, on private property protected by law, on money economy.

In the late Third and early Second century B.C. the Western world with its peculiar constitution and civilization became from the political point of view part of the Hellenistic world, in order soon to become its political master. Rome, the new political ruler of the Hellenistic world, gradually creating a peculiar and original Latin version of Hellenistic civilization, took over the Hellenistic achievements in the field of economics and rebuilt its own economic structure on Hellenistic lines. Into this new Greco-Roman economic life Rome drew the whole of the gradually Latinized West. From Rome and its Western provinces the Modern world inherited the idea of the unity of the civilized world.

The most striking exponent of the economic unity of the Ancient world in the Hellenistic period was its *free and ecumenic commerce*, based on well-organized agriculture and industry, not producing for individual consumers or city and tribal markets, but for merchants, for a mass market. This ecumenic free commerce was something new in the life of the Ancient world. Commercial relations between Greece, the Orient, and the West existed of course before, but they were relatively undeveloped and loosely organized. Commerce, both in Greece and outside it, was in the service of politics, and the Greek city-states pursued selfish and narrow economic aims of their own, to which their commerce was subservient. Alexander's reign marks the end of this period, of separatism and primacy of politics.

In the united Hellenistic world, commerce became ecumenic in the full ancient sense of this term. Even those parts of the Ancient world which politically and culturally stood outside it—China and India, parts of Germany, the Iranians of the Northeast—took part in it. Moreover, commerce was no longer enslaved to politics. Naturally, the kings

of the Hellenistic world tried to direct commerce and to manage it in the interests of their own states. None of them, however, was able to control it completely; nor was Rome able to do so. To be sure, prices of certain goods were dictated by the chief producers, but these producers were to such an extent dependent on their customers for other commodities that these prices were never arbitrary. Such goods, too, were exceptional. The distribution of other, more important goods, grain, oils, wine, wool, linen, cattle, salt, metals, depended entirely on supply and demand and their prices were established in the great clearing-houses of the Hellenistic world, Athens, Corinth, Alexandria, Rhodes, Delos. In the main, Hellenistic commerce was free as long as its natural course was not disturbed by wars and piracy.

Another novelty in the economic life of the Hellenistic world was its *capitalistic* character. I cannot enter here into discussion of the real nature of ancient capitalism, a matter on which I have expressed my opinion repeatedly. The term "capitalism", as applied to the economic evolution of the Ancient world, means, to my mind, a form of economic life which was based on economic freedom and individual economic activity and which was directed toward the free accumulation of capital in the hands of individuals and groups of individuals. It was founded on rationally organized agriculture and industry, functioning not to satisfy the needs of the producers and of a local restricted market, but for an indefinite market, and tending toward mass production of specialized goods.

Capitalism was not entirely the creation of the Hellenistic period. We find beginnings of it at Athens, for example, in the Fifth and Fourth centuries and perhaps still earlier in the Ionian cities of Asia Minor. Nor do I affirm that capitalism was the typical feature of economic life in all the parts of the Hellenistic world; extensive regions continued to live in the Hellenistic period in conditions of almost pure household economy, and there still existed many Greek cities which never cut loose from their narrow self-sufficiency. But I am convinced that in the economic life of the Hellenistic *bourgeoisie* capitalistic organization was the most characteristic feature, and that capitalism was then rapidly penetrating into new regions and steadily conquering new individual households. In the Hellenistic period capitalistic mentality was continually spreading in the most progressive and best educated classes.

We are best acquainted with ancient capitalism in a peculiar form, the state capitalism of the Ptolemies, already described. This capitalism,

based as it was on planning economy, was nevertheless purely personal, individual, without admixture of any kind of socialization, some forms of which were not foreign to the economy of the Greek city-state. The planning economy of the Ptolemies, like that of the Pergamene kings, was economy as applied to the enormous private estate of a single man, who organized its life according to his private interests. In the hands of the Ptolemies this organization assumed a purely capitalistic character. Almost the whole of Egypt was one great factory which produced enormous masses of various grains, oils, textiles, papyrus, etc., for sale both inside and outside of Egypt.

Similar in organization to the enormous estate of the Ptolemies and to the large estates of the Pergamene kings and probably of those of the other Hellenistic monarchs were many estates, great and small, of private owners in the Hellenistic world. That of Apollonius in Philadelphia, to which I have already referred, is a notable example, and for other estates of the Hellenistic period capitalistic organization is attested by those manuals of agriculture that were so popular in the Hellenistic world, in Carthage, and in Italy. They are neither scientific treatises, nor yet purely technical handbooks based on experience and experiments; they are treatises of rural economy for a bourgeois landowner, thoroughly capitalistic in their spirit. For their authors a landed estate differs in no essential respect from an industrial concern, a ship, or an apartment house. It was first and foremost a source of income, and its life was directed by careful calculations of expenses and returns and by a purely capitalistic utilization of labor, both slave and free.

The organization of the most progressive branches of industry was equally capitalistic. Millions of small workshops owned by individual artisans still existed. However, by their side large concerns administered on capitalistic lines with division of labor, mass production, and mass distribution became more and more frequent. We have very little information about them. But it is certain that such organization prevailed in the factories of vegetable oils in Egypt, in the textile workshops of the Attalids, in those shops in various parts of the Hellenistic world that produced relief pottery (especially the so-called Megarian bowls) and, at a later time, blown glass. The organization of the factories of Arretine pottery modeled on Hellenistic patterns is well known and has been mentioned previously. There is no need to speak of banking and commerce. However limited their scope, their organization was capitalistic all through.

However, capitalism in the Hellenistic world and the Ancient world

in general never reached the stage which is so well known to the Modern world, the stage characterized mainly by factory mass production with the use of complicated machinery. The reasons for its failure to do so are controversial and cannot be discussed here at length. In my opinion it cannot be ascribed to the shortcomings of ancient science. The basic phenomena, for instance, which led to the construction of steam engines were well known to ancient specialists in mechanics. Nor was ancient capitalism hindered in its development by any lack or weakness of capitalistic mentality. That assumption is contradicted by many undisputed facts. The mentality of *homo oeconomicus* was typical of the Hellenistic world and was inherited from it by the Western world. I must discard also the suggestion that it was the existence of cheap slave labor which prevented capitalism from developing on modern lines. Ptolemaic Egypt never suffered from overproduction of labor and never used slave labor en masse. Besides, slave labor was never cheap, except for very short periods in the life of antiquity. The chief reason, to my mind, was the character of the market. It very seldom happened in the evolution of the Ancient world that the market for goods was steadily expanding and its buying capacity steadily increasing. When it did happen—in the Fifth and Fourth centuries B.C. in Greece, in the early Hellenistic period, in the early Roman Empire—ancient technique and capitalistic organization made rapid progress. But this firmness and growth of the market never lasted very long. It was always arrested by processes which had no direct relation to economic life. In the Hellenistic world the source of interference was its political development, which culminated in Roman intervention.

To the Hellenistic period, then, we are indebted for many of the economic phenomena which now form the basis of our own economic life—economic unity of the civilized world, uniformity of economic life all over the civilized *oecumene*, initiation of mass production, and first steps in the development of capitalism. In Ancient times these institutions were checked in their operation and growth by factors which had nothing to do with economic life. We on our part have greatly developed what we inherited from antiquity or independently created, but are we sure that our economic progress will last forever, that it will never be terminated by events brought about not by economy but by the development of our mentality and our emotions?

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